

SITE RELEASE

THIS SITE RELEASE ("Agreement") is entered into by and between **L&S Capital, Ltd.**, ("Owner") whose address is 800 US Hwy 36, Byers, CO 80103, the owner of the surface estate in Township 5 North, Range 61 West, Section 17, in Weld County, CO (the "Property"), and **Bonanza Creek Energy Operating Company, LLC** ("Applicant"), whose address is 410 17th Street, Suite 1400, Denver, Colorado 80202 (individually, a "party;" together, "the parties").

WHEREAS, the Colorado Oil and Gas Conservation Commission ("COGCC") adopted the DJ Basin Horizontal Offset Policy on June 20, 2013, and revised such Policy on December 17, 2013 (as revised, the "Policy"); and

WHEREAS, the records of the COGCC indicate that the **Furrow 1, API #05-123-05183** ("Offset Well") is located on the Property and was abandoned on or about May 24th, 1964; and

WHEREAS, under the Policy, the COGCC has determined that the Offset Well was inadequately plugged by an Kansas-Nebraska Natural Gas Company, Inc. and that this inadequacy must be mitigated before any new wells within 1500 feet of the Offset Well may be hydraulically fractured. The COGCC has identified several alternative methods of mitigation for this purpose, including re-entering and re-plugging the Offset Well. To comply with the Policy and permit the hydraulic fracturing of new wells within 1500 feet of the Offset Well, the Applicant seeks to re-enter and re-plug the Offset Well.

WHEREAS, pursuant to the Applicant's oil and gas leasehold rights in the Property, and pursuant to the rights granted under the surface use agreement between Applicant and Owner, or their respective predecessors, Applicant has the rights of access to, and ingress and egress across the Property, to conduct its oil and gas operations. Nonetheless, Applicant hereby requests Owner's consent and permission to enter the Property for the limited purposes, and on the terms and conditions, set forth in this Agreement.

NOW THEREFORE, Owner and Applicant agree as follows:

Owner hereby consents and grants permission to Applicant, its contractors, vendors, employees, affiliates and agents to enter and use the Property for the purposes of re-entering the Offset Well and re-plugging and abandoning such Well under the Policy. Applicant shall remain liable for any damages to the Property directly arising from and solely caused by Applicant's work on the Offset Well including, but not limited to, damages to growing crops, livestock, fences, roads and other improvements, and Applicant shall, upon completion of such work, restore the site to its pre-disturbance condition (prior to such work) or as close as reasonably practical. Finally, it is mutually understood and agreed by the parties that:

- Applicant's only responsibility for the Offset Well will be to re-enter and re-plug the Well consistent with its COGCC Form 6 Notice of Intent to Abandon and with the COGCC Rules;
- Applicant is not the owner of the Offset Well and Applicant will not be considered the owner of the Offset Well because Applicant re-enters and re-plugs it;
- Applicant will be considered the operator of the Offset Well for the sole purpose of re-entering and re-plugging the Offset Well consistent with its COGCC Form 6 Notice of Intent to Abandon and with the COGCC Rules. Applicant will not be considered the operator of the Well for any other purpose;
- Applicant is not responsible for the current condition of the Offset Well and Applicant will not be responsible for the future condition of the Offset Well except for the work that Applicant undertakes when it re-enters and re-plugs the Offset Well and any condition directly arising from and solely caused by Applicant's work on the Offset Well; and
- Applicant is not responsible for any existing environmental contamination or condition associated with the Offset Well or related to the prior construction,

operation, production, maintenance, or abandonment of the Offset Well and Applicant will not become responsible for any such environmental contamination or condition because Applicant re-enters and re-plugs the Well. Should any environmental contamination or condition be found, Applicant will notify Owner in conjunction with its COGCC reporting requirements.

IN WITNESS WHEREOF, this instrument has been executed this ____ day of ____, 2014.

OWNER:

L&S CAPITAL, LTD.

 2/19/14

Name:

Date

Title: *President, Progressive Farms Mgt, Inc*

General Partner

APPLICANT:

BONANZA CREEK ENERGY OPERATING COMPANY, LLC

 2-5-14

Kerry A. McCowen

Date

Vice President Rocky Mountain Operations

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WHEREAS, pursuant to the Applicant’s oil and gas leasehold rights in the Property, and pursuant to the rights granted under the surface use agreement between Applicant and Owner, or their respective predecessors, Applicant has the rights of access to, and ingress and egress across the Property, to conduct its oil and gas operations. Nonetheless, Applicant hereby requests Owner’s consent and permission to enter the Property for the limited purposes, and on the terms and conditions, set forth in this Agreement.

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- Applicant will be considered the operator of the Offset Well for the sole purpose of re-entering and re-plugging the Offset Well consistent with its COGCC Form 6 Notice of Intent to Abandon and with the COGCC Rules. Applicant will not be considered the operator of the Well for any other purpose;
- Applicant is not responsible for the current condition of the Offset Well and Applicant will not be responsible for the future condition of the Offset Well except for the work that Applicant undertakes when it re-enters and re-plugs the Offset Well and any condition directly arising from and solely caused by Applicant’s work on the Offset Well; and
- Applicant is not responsible for any existing environmental contamination or condition associated with the Offset Well or related to the prior construction,

operation, production, maintenance, or abandonment of the Offset Well and Applicant will not become responsible for any such environmental contamination or condition because Applicant re-enters and re-plugs the Well. Should any environmental contamination or condition be found, Applicant will notify Owner in conjunction with its COGCC reporting requirements.

IN WITNESS WHEREOF, this instrument has been executed this ____ day of ____, 2014.

OWNER:

L&S CAPITAL, LTD.

Mark L. Loh 2/19/14
Date

Name:
Title: *President, Progressive Farms Mgt. Inc.*
General Partner

APPLICANT:

BONANZA CREEK ENERGY OPERATING COMPANY, LLC

Kerry A. McCowen 2-5-14
Date

Kerry A. McCowen
Vice President Rocky Mountain Operations